

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 515 - SB 1451**

February 14, 2019

**SUMMARY OF BILL:** Effective July 1, 2020, requires the Tennessee Middle College Scholarship (TMCS) award for a student enrolled in middle college to be an amount up to the amount of undergraduate maintenance fees for full-time attendance for each semester. Defines “maintenance fees” for the purpose of the legislation.

**ESTIMATED FISCAL IMPACT:**

**Increases State Expenditures –**

**\$542,600/Lottery for Education Account/FY20-21**

**Exceeds \$542,600/Lottery for Education Account/FY21-22 and Subsequent  
Years**

**Other Fiscal Impact – \$542,600 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Special Reserve Account in FY20-21; and recurring amounts estimated to exceed \$542,600 will not be available for such transfer in FY21-22 and subsequent years.**

**Assumptions:**

- Passage of this legislation will become effective July 1, 2020.
- Pursuant to Tenn. Code Ann. § 49-4-909(d), the current TMCS award is \$600 for full-time attendance each semester for a total of \$1,200 each year.
- Passage of this legislation will increase the award to an amount up to the applicable student’s undergraduate maintenance fees.
- The maximum allowable scholarship permitted under the provisions of this legislation will be awarded to eligible students.
- The applicable undergraduate maintenance fees for a full-time student are estimated to average \$3,936 for the current school year (FY18-19).
- Maintenance fees are projected to increase by 2.5 percent per year until FY20-21 to \$4,135 per year (\$3,936 x 102.5% x 102.5%)
- The current number of participants is 144. This number is assumed to remain constant under current law.
- The increased award will incentivize additional students to participate in the program by an additional 20 percent; therefore, the average number of student awards each year is estimated to be 173 (144 x 120.0%).

- The increase in state expenditures from the Lottery for Education Fund is estimated to be \$542,555  $\{[(\$4,135 - \$1,200) \times 144] + [\$4,135 \times (173 - 144)]\}$  in FY20-21.
- Given the maximum allowable award will increase each year as undergraduate maintenance fees continue to increase, the recurring increase in state expenditures from the Lottery for Education Account is estimated to exceed \$542,555 beginning in FY21-22.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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